

1997

The effects of trade unions on the economic performance of the Australian building and construction industry: 1984-1996

Warren B. Knight
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UNIVERSITY OF WOLLONGONG
DEPARTMENT OF ECONOMICS
New South Wales
AUSTRALIA



**THE EFFECTS OF TRADE UNIONS ON THE ECONOMIC
PERFORMANCE OF THE AUSTRALIAN BUILDING AND
CONSTRUCTION INDUSTRY: 1984-1996**

A thesis in partial fulfilment of the requirements for the
award of the degree

HONOURS MASTER OF COMMERCE

MCom (HONS)

by

Warren B. Knight

1997

DECLARATION

I, Warren B. Knight, certify that this thesis has not been submitted previously as part of the requirements of another degree and that it is the product of my own independent research.

Signed: _____

Warren B. Knight
1997

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ABBREVIATIONS

ABS	Australian Bureau of Statistics
ACAC	Australian Conciliation and Arbitration Commission
ACTU	Australian Council of Trade Unions
AFCC	Australian Federation of Construction Contractors
ASC&J	Australian Society of Carpenters and Joiners
AWIRS	Australian Workplace Industrial Relations Survey
B-P-G	Bruesch-Pagan-Godfrey
BISCOA	Building Industry Specialist Contractors Organisation of Australia
BTG	Building Trades Group
BUS	Building Unions Superannuation (scheme)
BWIU	Building Workers' Industrial Union
CBD	Central Business District
CFMEU	Construction, Forestry, Mining and Energy Union
CIDA	Construction Industry Development Agency
CPA	Communist Party of Australia
D-W	Durbin-Watson
FEDFA	Federated Engine Drivers and Firemens' Association
FIA	Federated Ironworkers' Association
FMBAA	Federal Master Builders' Association of Australia
GDP	Gross Domestic Product
GOS	Gross Operating Surplus
MBA	Master Builders Association
MBFA	Master Builders' Federation of Australia
MEU	Metals Engineering Union
NBCC	National Building and Construction Council
NPWC	National Public Works Council
OLS	Ordinary Least Squares
PGEU	Plumbers' and Gasfitters' Employees Union
PWD	Public Works Department
RBA	Reserve Bank of Australia
RDO	Rostered Day Off
RWP	Restrictive Work Practice
SPA	Socialist Party of Australia

ABSTRACT

In order to estimate the effects of unions on the economic performance of the Australian Building and Construction Industry for the period 1984-1996, an OLS regression is performed with union density acting as the measure of industry unionism. Output, profits and productivity are the industry performance measures under investigation. This paper finds that higher levels of union density are associated with increases in output and profits, a result that may have been surprising if the union voice function had been excluded from all reckoning. No significant result was recorded for the indicator of productivity. Voice, it is argued, was the key factor in producing the estimated results. The voice expressed by unions in the period under review (1984-1996) differed markedly from the voice expressed in the period immediately before it. It was this alteration in the expression of voice that represented the changing role of unions in the industry. From being overtly militant and anti-capitalist, they moved towards a position where at times they were incorporated into the greater movement of the neo-corporatist ethic. It is from this standpoint that it is argued that the estimated significant union positive influence on output and productivity in the Australian building and construction industry is a likely and non-spurious result.